

Opening Statement of the Honorable Fred Upton
Subcommittee on Energy and Power
Hearing on “EPA’s Proposed Ozone Rule”
June 12, 2015

(As Prepared for Delivery)

This morning, we’re here to examine the EPA’s latest proposed new National Ambient Air Quality Standard for ground-level ozone. I welcome Acting Assistant Administrator McCabe.

In 2012, President Obama set a goal of creating one million new manufacturing jobs during his second term – which certainly was a goal we all could get behind. The following January, the president’s New Year’s resolution was to do “whatever it takes” to create jobs. Yet the administration’s policies do not match the president’s words. When you couple this ozone rule with other EPA rules like the Clean Power Plan and “Waters of the United States” rules, the likely outcome will be stifled growth, missed opportunities, and lost jobs.

Make no mistake, the new ozone rule would be a jobs killer – especially in the manufacturing industry. An ozone nonattainment designation would make it significantly more difficult for industries to invest and create businesses in communities across the United States. Even existing factories would face higher operating costs and red tape. EPA estimates that hundreds of counties across the country would not meet the proposed standards, including many in my home state of Michigan. We also need standard that make sense. In southwest Michigan, in Allegan County, you could remove all of the human activity and the region would still be in non-attainment because of ozone generated in Chicago, Milwaukee, and Gary, Indiana.

A study conducted by NERA for the National Association of Manufacturers tells the story with predictions that are truly frightening. The total cost of the new rule could reach \$140 billion annually, making it EPA’s most expensive regulation ever. In fact, the study states that Michigan could face \$1 billion in compliance costs and stands to lose 20,000 jobs per year over the next couple decades. Not exactly the right medicine in times of recovery.

At a time when America’s natural gas abundance has given domestic manufacturers an edge over the global competition, regulation after regulation is chipping away at that advantage – and a new ozone rule may well prove to be the last straw that shifts the advantage back to foreign-based facilities.

Job creators are paying attention. In a recent survey of manufacturers conducted by NAM, more than half the respondents said they would not undertake a new project or a major expansion in an ozone nonattainment area.

Not surprisingly, NAM, the Chamber of Commerce, the Auto Alliance and just about every other organization that represents manufacturers has come out strongly against this proposed rule. And it should be noted that the NAM study focused solely on manufacturing and did not consider the very real threat these new regulations pose to America’s energy renaissance. Energy producing regions may have to cut back on oil and natural gas output to comply with the new ozone standard.

To make its case, EPA declares ozone still poses a serious public health threat, but that raises the question why the agency has delayed implementation of the current ozone rule. The 2008 ozone standard has languished at the agency for years. It was only last March – more than six

years into the administration – that the agency finally issued the implementing regulations necessary for state and local governments to begin putting the new standard in place.

I strongly support efforts to reduce smog and I supported the ozone standard finalized in 2008. We have seen significant progress and I endorse reasonable measures to ensure that air quality continues to improve but we must strike a balance that doesn't hinder economic growth and job creation. For these reasons, I believe that we don't need a new ozone standard - we need EPA to implement the existing one.